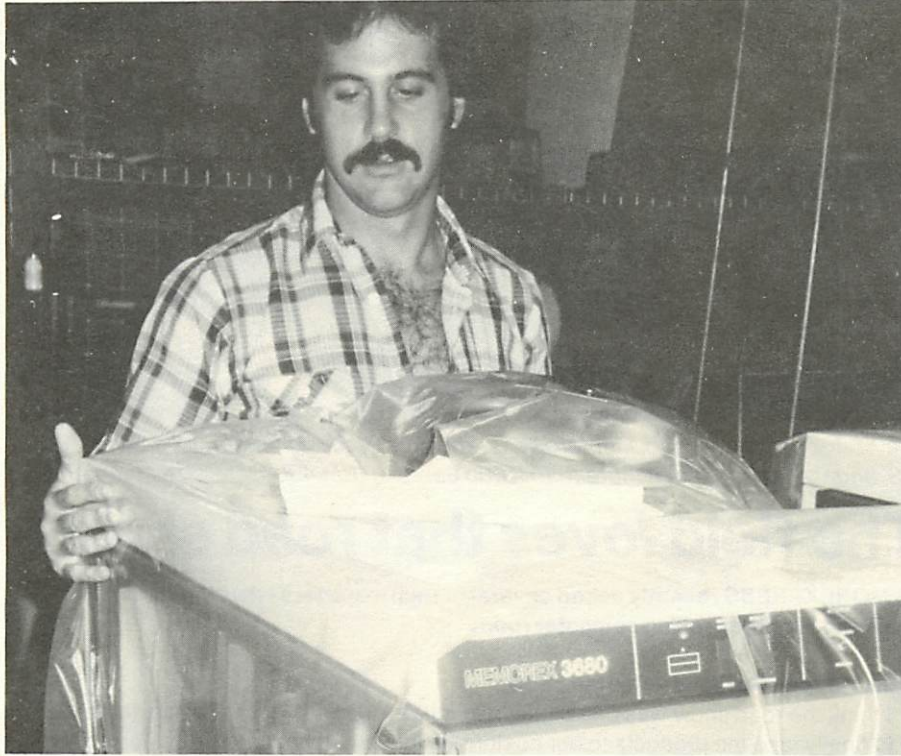


MEMOREXPRESS

A newspaper for Memorex employees

Volume II Number 9 October/November 1984



Joe Viola of LDDD Shipping Operations prepares a 3680 for customer delivery.

Dauber provides status report on 3680 program

Message to all employees from Dr. Philip S. Dauber

With the recent flurry of newspaper coverage about activities in our industry, and about our 3680 disk drive program in particular, I can understand why some Memorex employees might feel a little confused.

Our 3680 disk drive production efforts this year have certainly not gone as well as we would have hoped, but the current status is certainly not what it might appear to be from recent newspaper stories.

Let me review with you recent events concerning our 3680 program, tell you what our status is today, and then take a look at our position as a company in the marketplace.

- At the end of August, we began to see some increases in failure rates of HDAs (head disk assemblies) in 3680s installed at customer sites.
- In keeping with our quality commitment, as soon as sufficient data was available to identify the problem (mid-September), we stopped production temporarily.
- By the end of the third working day following our interruption of regular activity, we had identified the problem, determined what needed to be done and, therefore, began ramping up our production again. The problem involved some components' being out of specification. Considering the complexity of our product and its manufacturing process, such an occurrence is very difficult to avoid.

What is the current status? During the first week of October, we were producing HDAs with a higher yield than ever before and our production continues to accelerate.

Continued on page 3

Morgan appointed Sr. V.P., Product Operations



Memorex has appointed William L. Morgan to the newly-formed position of Memorex senior vice president, product operations, effective October 22.

Reporting directly to Memorex President Philip S. Dauber, Morgan, 45, will be responsible for all of the company's manufacturing, engineering, and technology operations, including

storage equipment, communications products, and the Recording Technology Center.

Morgan brings some 25 years of experience in the electronics industry to Memorex, including general and manufacturing management expertise. Starting his career with 20 years at Texas Instruments, he moved to Storage Technology Corporation in 1978.

At Storage, he rose to the position of corporate vice president and general manager of the disk systems division and then of the components division. His responsibilities included all of the disk drive manufacturing and development activity. He left Storage in 1983, becoming president and chief operating officer of Disctron, Inc., before assuming his most recent position as chief executive officer of Amlyn Corporation.

Burroughs earnings up.

Story on page 3.

Memorex brings Galaxy line on the road

The Memorex North American computer equipment tour is currently giving users of IBM 4300 central processing units (CPUs) hands-on experience with Memorex's compatible peripherals.

Now entering the last leg of its 47-city journey, the mobile exhibition, housed inside a 45-foot custom van, left Santa Clara on September 4 and began winding its way through the United States and Canada. In each city, the van is parked outside major hotels, where seminars on the 4300 market and system needs are held in the morning for customers by local Memorex branch offices. In the afternoon, the van is open for product viewing and demonstrations.

The van houses Memorex data storage devices, printers, display stations, terminal control units, computer tape, and flexible disks, which together make up the Galaxy Package for the 4300 market.

"We decided to take this package on the road because it is important that 4300 users know there is a one-stop alternative to IBM for their peripherals," said Sam Spadafora, vice president of Sales Operations, "and next to IBM, Memorex offers the widest selection of peripherals to enhance the performance of 4300 CPUs."

"The road show is a great image builder," said Al Tinker, Marketing manager of medium systems. "It means a great deal to customers to get their hands on a product before purchasing. They really haven't had the chance, for example, to see how easy it is to operate the 3280 tape drive or to hear how quiet the 4303 line printer is. Most of these customers do not go to trade shows or to Guest Relations in Santa Clara."

Objectives of the road show are to establish Memorex as the leading peripheral supplier to the 4300 market, gain several new customers, and increase sales.

Gale Olszewski, customer engineer from the Colorado branch office, has been traveling with the van to ensure that all equipment is operating when the van is open for guests.

A team of Memorex drivers alternates behind the wheel, driving the mobile exhibition almost every night to the next city. Drivers, to date, include **Reldon Gifford, Bill Bosch, Al Thomas, and Bob Melloy**.



In a 45-foot custom van, Memorex's Galaxy road show is touring 47 cities in the U.S. and Canada to reach more than 5,000 users of IBM 4300 mid-size computers.

The field loves that road show

MEMOREXPRESS recently asked several branch managers what they thought about the Memorex rolling computer room.

Frank Hooper, Portland—September 5

"I think the road show was one of the best ideas Memorex has ever had. It allowed us to finally take the products to our customers instead of hauling the customers around to Guest Relations and such. It is a Guest Relations on wheels. We've even been asked by the states of Oregon and Washington to bring the van back and show it to their state capitol folks."

Al Baumgart, St. Louis—September 19

"The van was an excellent promotion idea. Customers were able to come out and 'kick the tires' in person to see how the equipment worked and what Memorex had to offer. As a result, we got several immediate sales leads."

Jay Benedict, Chicago—September 17

"The road show was so well done that we want to buy the van for our Chicago office. We had a great turnout. You have to compete with millions of other vendors at a trade show, but the road show enabled customers to focus on just our equipment. We even had some customers come that we hadn't talked to in a couple of years."

Jack Kennedy, Philadelphia—October 10

"It has all the right ingredients to be a big success."

Dave Miles, Washington, D.C.—October 16

"I think it's going to be a good show. It's a great way to show Memorex's effort in this marketplace as we 'bring the tires' to them, so to speak."

Robert Jones, Charlotte—October 23

"The road show should give us a lot of fourth quarter activity and I think that's great. We also have an unusual situation where the Commonwealth of Virginia is having vendors show their wares over a weekend. Just wait until all the other vendors set up their small booths and we come in with the van. We're really going to look slick."

Santa Clara News



Memorex forklift cowboy, **Bob Saxer**, tied for second in the first annual material handling rodeo held on August 28.

Ride'm forklift drivers

Memorex cowboys came out to test their skills recently on fierce bucking forklifts in the first material handling rodeo, sponsored by the SEM&D materials organization.

Held in the raw materials warehouse (building 29), the rodeo had three categories: a written test on forklift driving rules and regulations and two driving competitions. The forklift cowboys maneuvered their mounts through an obstacle course and placed materials on markers.

For the three categories, first place, \$100 Burroughs Achievement awards, went to **Jim Wilson, Bill Smith, and Jerry Martines**. Second place, an engraved plaque and a choice of a \$20 B.E.S.T. award or a \$20 dinner certificate, went to **Juan Rodrigues, Bob Saxer, and Louis Ortiz**. **Bill Smith, Bill Theall, and Joe Alanzo** received third place awards.

The rodeo, which will be an annual event, is open to any material handler with a current Memorex forklift license. Employees who wish to participate in the second annual rodeo should contact **Ron Mellies** at 746-2982.

South Bay traffic problems addressed by Measure A

On November 6, Santa Clara County voters will be asked to make a decision

Van open house

Note to Santa Clara employees: The Galaxy road show will be available to view between 10:00 a.m. and 4:00 p.m. at the following locations:

November 19—San Tomas facilities between buildings 12 and 14.

November 20—Communications Group in Cupertino outside building 5.

November 21—Memorex Drive in front of the tape plant.

on Measure A, the Commuter Relief Act. This measure, if approved, would authorize a one-half percent sales tax increase in Santa Clara County for a 10-year period to fund transportation improvements. Highways 101, 85, and 237 will receive top priority.

Memorex encourages Santa Clara employees to become knowledgeable and cast their votes on this important issue. For those employees interested in learning more about this issue, summaries of the arguments, prepared by the proponents and the opponents of Measure A, have been posted on bulletin boards throughout our Santa Clara facilities.

Possible removal of on-site automatic tellers

Memorex currently has two Bank of America versateller machines on-site that are in jeopardy of being removed because of insufficient use.

The Company determined through research that the majority of Memorex employees in Santa Clara did their banking with Bank of America and negotiated with the bank to install and provide on-site banking service.

The versatellers have been on-site for approximately three years and are located on Memorex Drive, adjacent to building W, and on the San Tomas complex near the cafeteria security post of building 10.

Employees who are Bank of America customers are encouraged to use the on-site versatellers in order to prevent their removal.

OCTOBER ANNIVERSARIES

10 Years

Marion Busick
David Donaldson
Socorro Leza
James Mastro
Vicki Reynolds
Barbara Roeder
Timothy Rutherford

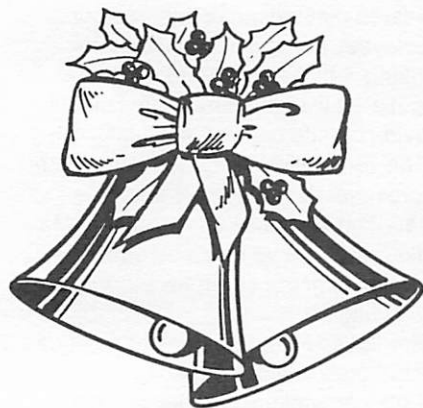
15 Years

John Acosta
Viva Arnold
Gladys Black
Ronald Brunelle
Brenda Collier
Nilda Elliott
James Howard, Jr.
Hazel Longdo
Dolores Martinez
Sylvia Raffetto
Larry Reece
Patricia Stahlnecker
Keith Thompson
Charles Wagner
Robert Walker
Roberta Walker

Ring in the holiday season with MAG

November 14 thru 16—Holiday Boutique

Avoid the Christmas crowds by shopping at the Memorex Holiday Boutique between 11:00 a.m. and 3:00 p.m. in the San Tomas Cafeteria. All items—crafts, ornaments, decorations, baked goods—are handmade.



November 19 thru December 20—See's Candy

On sale in the employee services & activities office.

December 3 thru 20—Extended Employee Store Hours Begin

Open Mondays and Fridays from 11:00 a.m. to 1:00 p.m.
Tuesday, Wednesdays, Thursdays from 11:30 a.m. to 4:00 p.m. For information, call 7-2357.

December—Christmas Parties

- 8th: Semiformal Christmas dinner dance—Rickey's Hyatt, Palo Alto.
- 16th: Children's Christmas party—San Tomas cafeteria.
- 22nd: Casual Christmas dinner dance—Saint Claire Hilton, San Jose.

Limited tickets available. On sale **November 5** in the employee services & activities office.



Standards Class improves quality

One of the commitments Memorex has made is to ensure that the product it sells is one of quality. To ensure the quality of a product, Memorex has trained employees in the use of many tools, including workmanship standards, which are the quality requirements for fabrication and assembly of manufactured products.

The Quality Assurance Department in the Communications Group recently held a workmanship standards class where 10 employees in the Procurement Quality Division were certified in the use of these standards.

"This was the first time that we've certified employees in these standards," said Ed Wilson, manager Quality Programs. "The purpose of the training program was to ensure that the participants had comprehensive knowledge and understanding of the standards, including how and when they should be used and the circumstances under which judgment should be exercised."

A recognition ceremony was held October 4 to commend the efforts of the following employees who received certification:

Margie Alvarez	Scott Jackson
Cindy Arnold	Donna Smith
Charlotte Eustace	Valerie Spooner
Dick Hayes	John Toohey
Brenda Ivy	John Williams

Future classes will be held for all Communications Group employees in quality and manufacturing areas who need to use workmanship standards in their job. Classes are one hour in length for 14 sessions. For more information, Communications Group employees should contact Judy Schmidt, staff training specialist, at 128-376.

Moving up...

STEVE MANNING has been appointed director of Planning and Program Management for the Communications Group. Manning has been with Memorex since 1982 as director of Strategic Planning. Prior to Memorex he was employed by Rockwell International... **HAROLD STANLEY** has been promoted to Product Marketing manager for the 3864 Solid State Storage Subsystem. Stanley was previously manager of Guest Relations and has been with Memorex for 14 years.

WANTADS

MOVING SALE

Motorcycles—650 BSA; chopped, needs front end; \$600. 90 cc Bultaco; needs some work; \$100. Also antique Gould Pump, \$400; and antique Roper Range w/push-button pilot, \$400. Call Linda at (408) 263-9795.

1978 CUTLASS & 1974 FURY

Cutlass, white with maroon leather interior, V-8, 2nd owner, R/H, PS, PB, A/C, runs like new, complete maintenance records available, \$950. Fury 360 w/V-8, 1 owner, ww steel-belt radials, R/H, PS, PB, A/C, clean, \$850. Call Andy at (415) 969-1961.

10-SPEED BIKE

Men's Peugeot 10-speed racing bike. Includes helmet and two travel bags. \$350 value, sell for \$200 firm. Call Rick at 263-7708.

1974 TOYOTA CELICA GT

5-speed, rebuilt engine, new radiator, new tires, AM-FM. A paint job will make car look like new, \$2495. Call Glen at (415) 592-5855.

1966 TOYOTA

4-door, stick-shift, runs, \$350. Also 1973 VEGA, new tires, runs, \$300. Both need body work. Call Mike at (415) 347-2532, leave message.

Burroughs earnings up

Burroughs reported continued strong earnings growth in the third quarter of 1984. Earnings before taxes increased 31 percent and net income grew 30 percent compared to the third quarter of last year. Revenue in the quarter increased to \$1,153,300,000, up 12 percent compared to \$1,031,700,000 in the same period of 1983.

For the first nine months of 1984, earnings before taxes increased 31 percent, net income 30 percent and revenue 13 percent, compared to the same period of 1983. Revenues for the nine-month period were \$3,486,400,000 versus \$3,079,300,000 in the same period of 1983.

"This solid growth is due to the excellent response from existing customers and new users to our new products," said Burroughs Chairman and Chief Executive Officer W. Michael Blumenthal. "The increased effectiveness achieved by our worldwide marketing group and our continued progress in investment-base management also contributed to these results."

Net income for the quarter was \$50,200,000, compared with \$38,600,000, for the same period in 1983. Earnings per share for the third quarter of 1984 were \$1.11 on 45,366,000 average shares outstanding compared to \$0.92 on 42,121,000 shares last year. Net income for nine months was \$150,500,000, or \$3.32 per share, compared with \$115,500,000 or \$2.74 a year ago. Average shares outstanding were 45,379,000 compared with 42,121,000 shares in 1983.

Worldwide orders were strong and reflected balanced growth between international and domestic businesses, especially in the domestic and international operations of its worldwide marketing group and the international operations of Memorex.

NEW PRODUCTS

Burroughs' position will be further enhanced by the recent introduction of three important new products. The advanced new Interpro software which brings the programming and operational ease of the personal computer to mainframe computing, the A 3 mainframe system, and the UNIX-oriented XE 550 multi-user system. These entries provide both a substantial vehicle for the development and growth of our user base and a widening of our participation in the micro-multi user systems marketplace.

Dauber reports on 3680 status

Continued from page 1

Other events within our industry have further confused the issue. Some of our competitors within the plug-compatible market segment have made announcements that have received a great deal of attention. Control Data Corporation said it will withdraw its current disk drive product from the marketplace shortly, and Storage Technology announced on October 8 that it expects a \$20M quarterly loss and that it intends to reduce its workforce by some 1,500 employees—approximately 10 percent of its workforce.



Burroughs President Stern and Memorex President Dauber visit 3680 manufacturing.

How should we evaluate these events? First, I do not see how these announcements can be viewed as anything but good news for Burroughs and Memorex since they present an opportunity for increased market share. Second, our situation is not at all similar to either that of Control Data or Storage Technology.

Burroughs and Memorex put in place a strategy some three years ago when we merged that continues to work for us. The financial and resources strength of Burroughs supports our technological advancements and extends the marketplace of our products. While Memorex in the past had participation in only a segment of the marketplace, it is now part of Burroughs, which is very successfully competing all across the board with IBM, not just in storage equipment. This positioning is unique among PCM suppliers. Burroughs has achieved increasing profits for the last several years. Memorex is contributing to this success by a string of 13 successive profitable quarters in its own right.

So where does this leave us today? We have a uniquely wide range of products being provided to multiple markets, including OEM and Burroughs markets, in addition to PCM. We select our market opportunities carefully to meet the objective of making a profit, not merely to gain market share, which can be gained by reducing prices in the short term, but can be self-defeating in the longer term.

We certainly would like not to have encountered the product problems of recent weeks, but we recognize that early production stage problems such as these are part of the reality of our business. The important thing is that we know how to deal with them when they occur. We should also keep in mind that the basic strategic foundation of the Burroughs and Memorex business is sound. Customers will always want a quality alternative to IBM in order to maintain a competitive environment that ensures reasonable pricing, innovative new products, and genuine concern for their interests and needs. Our strategy is strong and we are proceeding with it.

Phil S. Dauber

P.S. Dauber

Comm. Group ships first 2178

By Liz Billings

Memorex Communications Group announced in August that it shipped the first production units of the 2178 display station, Memorex's new compact, modular display.

To celebrate this achievement, Communications Group held a first customer shipment party in its Cupertino manufacturing facility on August 15. With balloons, festive decorations, and even a cake that looked just like a 2178, the celebration honored the hard-working manufacturing team.

It was only appropriate that rows of 2178s in various stages of assembly surrounded the party-goers. These units represented Communications Group's manufacturing ramp-up for the new display, which is expected to account for about half of the group's output in fourth quarter 1984.

Employees receive credit for prior service

Memorex employees may now receive service credit for periods of employment with Burroughs or certain affiliated organizations such as Disk Media, Inc., or Systems Development Corporation. Prior service with Memorex is already covered in existing policies.

Effective December 1, 1984, the new policy allows an employee's total time of service, both current and previous, to be used in the determination of vacation accrual rates, short-term disability income, and eligibility for service recognition awards.

For example, if an employee was employed by Burroughs for two years, left the company, and was rehired by

Memorex, the employee could add two years to the amount of time he currently has with Memorex.

Verified service credit may be given to employees who have had regular full- or part-time status with one of these organizations and who currently have the same status at Memorex.

To apply for credit, eligible employees should submit an employment history verification form to their Human Resources representative. Employees who think they may be eligible for additional service credit, should request a verification form from their manager or contact their Human Resources representative.

A penny saved is 8,800,000 pennies earned to Memorex

By creating operator awareness of a one-cent item used on a computer tape reel, the Computer Tape Division projects it will save Memorex \$88,000 over the next year and has already saved the Company \$10,000 in the last 2 and a half months.



Through the use of statistical process control (SPC), Computer Tape's **Craig Mackley**, training specialist, and **Ron Lyons**, slitting manufacturing manager, began tracking the use of markers placed at the beginning and end of each reel of computer tape. The markers tell the computer when to start and stop the tape.

With an SPC control chart keeping

track of the usage of these markers over a six-month period, Mackley and Lyons determined that operators were using four to five markers per tape reel when only two were needed.

The slitting operators were informed of the current marker usage and asked for suggestions on how this usage could be reduced. When these suggestions were implemented on all shifts by the supervisors and department technicians, the usage immediately began to decrease to a level 27 percent lower than before.

In this case SPC really helped to communicate a problem, unite the efforts of four shifts, monitor the progress, and quantify the results.

Correction

In the September issue of MEMOREXPRESS, **Ernestine Purdy's** name was incorrectly spelled.

New Editor

I would like to introduce myself. My name is Lani Ulbrich and I am the new editor of **MEMOREXPRESS**. I have been with Memorex in the Corporate Communications department since December 1983. If you would like to contribute to **MEMOREXPRESS** or pass along story ideas, please call (408) 987-3072 or send a note to **MEMOREXPRESS**, Mail Stop 12-39. Your comments are always welcome.

U.S. SAVINGS BONDS

One savings method often overlooked is U.S. Savings Bonds. Memorex offers its employees a convenient method to purchase savings bonds through the payroll deduction program.

Savings bonds now offer increased yields added sophistication, and the full backing of the U.S. government. Series EE bonds, purchased now and held for five years, will earn 85 percent of the average market yield on five-year Treasury Securities, compounded semiannually. This rate is currently 9.95 percent.

Even if market rates should slide, bonds are guaranteed to earn a minimum of 7.5 percent when held at least five years. Bonds redeemed before five years still earn fixed, guaranteed interest starting at 5.5 percent if redeemed after one year, and increasing gradually thereafter.

Savings bonds provide tax advantages. Reporting of interest for federal income tax purposes may be deferred until EE bonds are cashed, disposed of, or reach final maturity. Bonds are also exempt from state and local income and personal property taxes.

Savings bonds are available in denominations of \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000. Employees may decide to buy a bond each payday with an allotment of \$25 or more, or allot an amount less than the purchase price of a bond and take several paydays to accumulate the purchase price.

Interested employees should contact their Human Resources representatives for a U.S. Savings Bond brochure and/or payroll deduction card.

Credit Union news

Credit Union members wishing to cut 1984 federal income taxes can choose from two Individual Retirement Accounts (IRAs). A Daily-Fund IRA can be opened with only \$25, added to at any time or on a regular basis by payroll deductions. When the IRA reaches \$1,000, members can roll it over to the Credit Union's higher-yield Term-Fund IRA. Currently, the rate for the Daily-Fund is 8 percent and the Term-Fund is 11 percent.* The Term-Fund IRA is opened with a minimum deposit of \$1,000, has a term of one year, and can be added to in increments of \$250.

*Annual rate subject to change.

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